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FOR RELEASE: TUESDAY,  
SEPTEMBER 6, 1966.

### NORTHERN MINERAL EXPLORATION PROGRAM

Northern Affairs Minister Arthur Laing announced today that the regulations governing mineral exploration grants under the Northern Mineral Incentive Program had been approved. Under the Program, up to 40 per cent of an approved exploration grant may be provided by the Department. If the grant is successful, the balance is repayable over a two-year period commencing when the grant is successful. If the grant is unsuccessful, the grant will be regarded as a charitable contribution and is not repayable.

#### NORTHERN MINERAL EXPLORATION PROGRAM

DEPARTMENT OF  
INDIAN AFFAIRS AND  
NORTHERN DEVELOPMENT  
SEPTEMBER 6, 1966

The Program is intended to provide an incentive that will attract additional sources of capital to northern exploration. In particular, it is aimed at encouraging exploration by companies which are not at present eligible to take advantage of exploration expenditure deductions for determining income tax liability. However, special recognition is given to companies formed for the purpose of conducting exploration only in the north.

The regulations under which the Program will be administered have been drawn up with the operating requirements of the oil and mineral industries in mind but, since the program represents a new approach to the development of northern natural resources, there may be a need to modify certain aspects as practical experience is gained in the future. Many aspects of the Program are experimental in nature and, although numerous inquiries have been received since the Program was first announced in the House of Commons in February, future success will depend to a very large extent on close co-operation and understanding between government and industry.

It is hoped that this initiative will increase the pace of northern exploration and will result in the discovery of all possible resources. The program will provide a broad base for the development of the northern resources and will be a major step in the development of the northern resources.

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FOR RELEASE: TUESDAY,  
SEPTEMBER 6, 1966.

NORTHERN MINERAL EXPLORATION PROGRAM

Northern Affairs Minister Arthur Laing announced today that the regulations governing mineral exploration grants under the Northern Mineral Grants Program had been approved. Under the Program, up to 40 per cent of an approved exploration program carried out in either the Yukon or Northwest Territories in search of minerals or oil can be provided by the Department. If the Program is successful the grant is repayable over a ten-year period commencing when production starts; if unsuccessful the grant will be regarded as a contribution to the northern exploration effort and is not repayable.

The Program is intended to provide an incentive that will attract additional sources of capital to northern exploration. In particular, it is aimed at those individuals and companies which are not at present eligible to take advantage of exploration expenditure deductions for determining income tax liability. However, special recognition is given to companies formed for the purpose of and conducting exploration only in the north.

The regulations under which the Program will be administered have been drawn up with the operating requirements of the oil and mineral industries in mind but, since the program represents a new approach to the development of northern national resources, there may be a need to modify certain aspects as practical experience is gained in the future. Many aspects of the Program are experimental in nature and, although numerous inquiries have been received since the Program was first announced in the House of Commons in February, future success will depend to a very large extent on close co-operation and understanding between government and industry.

It is hoped that this incentive will increase the pace of northern exploration and will result in mineral or oil production projects that will provide a broad base for northern economic growth and, at the same time, bring a higher standard of living and improved employment opportunities to northern residents.





Mr. Laing explained that in order to ensure continuity of exploratory effort, Parliament has been asked to authorize total commitments of \$9,000,000 in the current and subsequent fiscal years, of which \$3,000,000 will be made available for grants this fiscal year. This system will allow exploratory programs to be planned over a period, if necessary, extending over several years. Programs will be carefully scrutinized to make sure that only genuine exploration, recommended by a suitably qualified person, is intended on claims, leases, or exploratory permits already held by the applicant. There will be no attempt to dictate the type of exploratory program that an applicant intends to undertake.

The Minister pointed out that the Northern Mineral Grants Program was not taking the place of, or meant to augment, the existing Prospectors' Assistance Program which filled a need in a different phase of mineral exploration. Further, he stressed that any applicant would be ineligible to receive a grant, even after it had been approved, or receive a grant in the future if he represented, directly or indirectly, by any means that sponsorship of his company or of his exploratory program was implied when the Government approved the making of a grant.

The Minister said all applications for assistance under the Northern Mineral Exploration Program must be accompanied by complete exploration plans and information on holdings will be dealt with on a first-come first-served basis. He noted that is it unlikely any applications could be approved in time for exploration programs to be started before the winter of 1966-67.

Forms of applications for grants under the program may now be obtained from, and when completed should be addressed to: The Director, Resource and Economic Development Group, Department of Northern Affairs and National Resources, 400 Laurier Avenue, West, Ottawa, Ontario.

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Salient features of the Regulations are:

1. Up to 40 per cent of the exploration costs of approved programs will be paid by the Government with repayment set at not less than 10 per cent per annum in the event of successful production for gain. Repayments would commence one year after production started with interest from that date. The grants will be forgiven on exploration that prove unfruitful.
2. Annual interest rates will be set at two per cent, plus the interest rate now paid by the Federal Government on its long term borrowing.
3. The program is available to a Canadian citizen over the age of 21 being the beneficial owner of mineral claims, leases or exploration permits.
4. It is available to a private Canadian company where at least 50 per cent is beneficially owned by Canadians and it must be incorporated in Canada or a province in Canada.
5. It is available to any public Canadian company, the common shares of which are quoted on a Canadian stock exchange.
6. It is also available to Canadian companies formed for or engaged in mineral exploration in the North. These companies may have up to 15 per cent participation by companies that are able to take advantage of income tax writeoffs.
7. The grant will not be paid wholly, or in part, until, in the case of oil and gas one deep well has been drilled, or, in the case of solid minerals, an equivalent number of test holes have been drilled.





# Date Due


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